

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2018-318-E

In the Matter of)	REBUTTAL TESTIMONY OF
)	JULIE K. TURNER FOR
Application of Duke Energy Progress, LLC)	DUKE ENERGY PROGRESS,
for Adjustments in Electronic Rate Schedules)	LLC
And Tariffs and Request for an Accounting)	
Order)	

1 **I. INTRODUCTION AND PURPOSE**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
3 **CURRENT POSITION.**

4 A. My name is Julie K. Turner and my business address is 411 Fayetteville
5 Street, Raleigh, North Carolina. I am Vice President of Carolinas Natural
6 Gas Generation for Duke Energy Progress, LLC (“DE Progress”).

7 **Q. DID YOU PREVIOUSLY FILE DIRECT TESTIMONY IN THIS**
8 **PROCEEDING?**

9 A. Yes, I did.

10 **II. PURPOSE AND SCOPE**

11 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

12 A. The purpose of my rebuttal testimony is to respond to the
13 recommendations made by Sierra Club witness Ezra Hausman to disallow
14 recovery of the Company’s investment in Roxboro Stations dry bottom
15 ash system;¹ and direct the Company to perform comprehensive economic
16 analyses before making capital investments at each of the Company’s coal
17 units.²

¹ Direct Testimony of Ezra D. Hausman, p. 4.

² Direct Testimony of Ezra D. Hausman, p. 4.

1 **Q. DOES THE FACT THAT YOU ARE NOT ADDRESSING EVERY**
2 **ISSUE RAISED BY WITNESS HAUSMAN IN HIS TESTIMONY**
3 **IMPLY ACCEPTANCE OF HIS POSITIONS OR CONCLUSIONS**
4 **ON THOSE ISSUES?**

5 A. No. In fact, the majority of Witness Hausman's positions and conclusions
6 pertain to recommended analyses for capital investments that may or may
7 not occur in the future. Accordingly, the Company believes these
8 recommendations are more appropriately addressed in the Company's
9 annual Integrated Resource Planning ("IRP") proceeding. As such, the
10 Company chooses not to address the merits of these recommendations
11 here.

12 **IV. ROXBORO DRY BOTTOM ASH PROJECT**

13 **Q. PLEASE BRIEFLY DESCRIBE SIERRA CLUB WITNESS**
14 **HAUSMAN'S RECOMMENDATION REGARDING THE**
15 **ROXBORO DRY BOTTOM ASH PROJECT.**

16 A. Witness Hausman recommends that the Commission reject the Company's
17 request to recover the costs associated with its investment in Roxboro's
18 dry bottom ash project because the Company did not demonstrate that the
19 investment was economically preferable to the early retirement of
20 Roxboro Station.

21 **Q. DO YOU AGREE WITH THIS RECOMMENDATION?**

22 A. No. I do not agree with the recommendation. The Company's investment
23 in the dry bottom ash system in Roxboro allows the Company to be in

1 compliance with environmental regulations. Without the conversion,
2 Roxboro would be required to shut down and replacement generation
3 would be needed for capacity needs.

4 Further, while the Company did not perform a formal retirement
5 analysis for Roxboro, the Company considered system operational
6 impacts, timing impacts, and overall feasibility of a potential retirement
7 scenario in assessing the Roxboro dry bottom ash system. Specifically,
8 the Company looked at the need for replacement generation of the
9 approximate 2,400 MW Roxboro facility, at a cost of approximately \$2
10 billion, excluding gas pipeline cost. Furthermore, the station had already
11 made significant investment in selective catalytic reduction (SCR) and
12 flue gas desulfurization (FGD) systems between 2001 and 2008,
13 respectively, that made the station well outfitted for air regulations. As
14 discussed above, replacement generation would have been costly and
15 difficult to build prior to the compliance deadline established by a
16 combination of environmental regulations.

17 These factors clearly indicate that accelerating the retirement of the
18 Roxboro plant would have been operationally and economically
19 imprudent. Therefore, the Company was prudent in investing in the
20 Roxboro dry bottom ash system. Further, regardless of the fact that
21 Witness Hausman is using hindsight analysis to support Sierra Club's
22 position, Roxboro remains an important asset within our fleet to provide
23 customers low cost generation and capacity.

1 **V. COAL UNIT RETIREMENT ANALYSES**

2 **Q. PLEASE DESCRIBE WITNESS HAUSMAN'S**
3 **RECOMMENDATION REGARDING RETIREMENT ANALYSES**
4 **FOR THE COMPANY'S COAL UNITS**

5 A. Sierra Club witness Hausman recommends that the Commission require
6 the Company to undertake a retirement analysis regarding capital
7 investments at any of its coal units before the Company seeks recovery of
8 such investments in the future.

9 **Q. DO YOU AGREE WITH THE RECOMMENDATION?**

10 A. No, I do not. I believe the Company's current practices and analyses used
11 to manage its fleet are reasonable and appropriate. Witness Hausman
12 primarily focuses on the retirement of these units while my responsibility
13 is to ensure the Company has sufficient reliable, environmentally-
14 compliant generation to meet our customers' needs and to ensure
15 operational flexibility. As such, the Company performs analyses as
16 needed. In fact, the Company did perform a comprehensive retirement
17 analysis for Mayo station in 2016, which showed continued operational
18 benefits outweighed the significant cost of replacement generation and
19 new transmission that would be required to retire the facility. While the
20 Company did not perform a full retirement analysis to determine whether
21 the Company should accelerate the retirement of Roxboro, the Company
22 did consider system operational impacts, timing impacts, age of the plant,
23 and overall feasibility of a potential retirement scenario. As explained

1 previously, given the size of the Roxboro plant and the cost to replace the
2 generation it produces, the Company determined continued operation of
3 the plant was a better option for our customers than to accelerate the
4 plant's retirement. The Company is well aware that it has the
5 responsibility to justify its capital investments in rate cases, including the
6 prudence of its costs and the usefulness of its investments for customers.
7 However, the Company is responsible for managing its generation fleet,
8 including what analyses to perform and when to perform them. Mandating
9 the performance of retirement analyses prior to the Company's decision to
10 make capital improvements limits the Company's ability to use its best
11 judgment and experience to manage its fleet. Accordingly, the Company
12 recommends the Commission not adopt Witness Hausman's
13 recommendation to mandate the types of analyses the Company must
14 make prior to making capital investments on its coal plants. Requiring the
15 Company to perform retirement analyses for all capital improvements
16 would not be a prudent use of company resources. Therefore, no
17 additional directives on when to perform such analyses are warranted at
18 this time.

VI. CONCLUSION

19 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

20 **A.** Yes, it does.